Weekly Economic Review

Wholesale trade bounces back

Wholesale Trade

Recovery resumes in July

After taking a step back last month, the recovery in Alberta's wholesale trade resumed in July. Broad gains pushed sales up 4.3% month-over-month (m/m) to $6.9 billion, more than recovering June's losses (Chart 1). Compared to the last year, sales jumped 16% as all categories increased with the exception of personal and household goods, which remained depressed. With the monthly gain, the wholesale trade sector has now recovered over 70% of the peak to trough losses, led by recovery in machinery and equipment, and building materials.

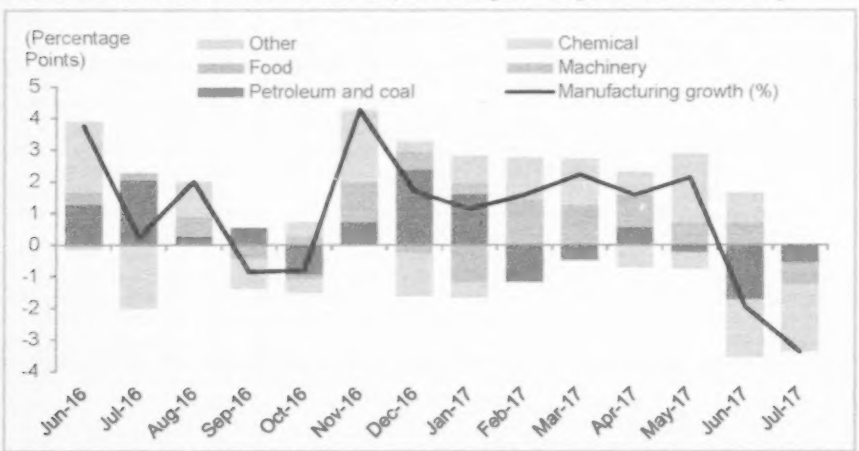
Chart 1: Sales rebound after a disappointing June

Sales and year-over-year percentage change of Alberta's wholesale trade

Source: Statistics Canada

Chart 2: Chemical shipments lead decline

Contributions to month-over-month percentage change in manufacturing



Source: Statistics Canada

Manufacturing Shipments

Energy products slide

Manufacturing shipments eased for a second consecutive month. The value of manufacturing shipments declined 3.4% m/m to $5.8 billion, due to declines across most categories (Chart 2). The retreat in sales was led by chemical (-6.5% m/m), and petroleum and coal products (-3.0% m/m) followed by fabricated metals (-8.3% m/m). Food products also slipped (-2.1% m/m) following five straight monthly increases. On a year-over-year basis (y/y), manufacturing sales were up 9.7% and have improved 15% year-to-date (YTD).

Consumer Price Index

Inflation remains subdued

Consumer price growth in Alberta remains contained, despite an uptick in August. Inflation grew by 1.1% y/y, mainly due to higher energy prices (+5.0% y/y). Excluding energy, inflation was virtually unchanged at 0.8% y/y. Declining prices for household furnishings and equipment (-1.7% y/y), food purchased from stores (-1.3% y/y), rent (-0.8 y/y), and homeowners replacement cost (-0.2% y/y) were offset by rising prices for clothing and footwear (+3.2% y/y) and services (+1.7% y/y).

Nationally, inflation rose 1.4% y/y in August, following a 1.2% y/y gain in July.

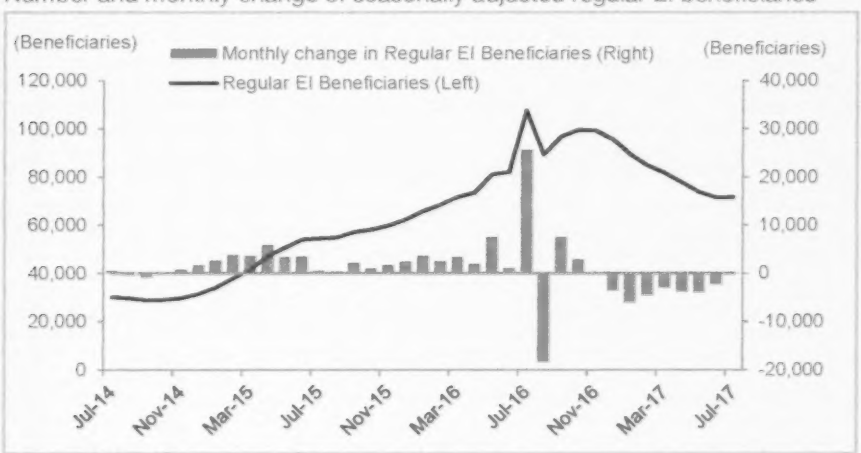
Retail Trade

Retail sales take a breather

Retail sales eased in July after hitting a new all-time high in June. They dipped 0.6% m/m to $6.8 billion, as motor vehicle and part sales receded from a high set in the previous month. Despite the monthly decline, sales continued to improve over 2016 levels. They were up 9.5% y/y, due to strong gains in motor vehicle and part dealers. Electronics and appliance, building materials and garden supplies, and general merchandise stores also gained traction. Most other categories experienced modest gains, with the exception of furniture and home furnishing stores which remained lower than a year ago.

Chart 3: Regular EI benfits tick up after eight months of declines

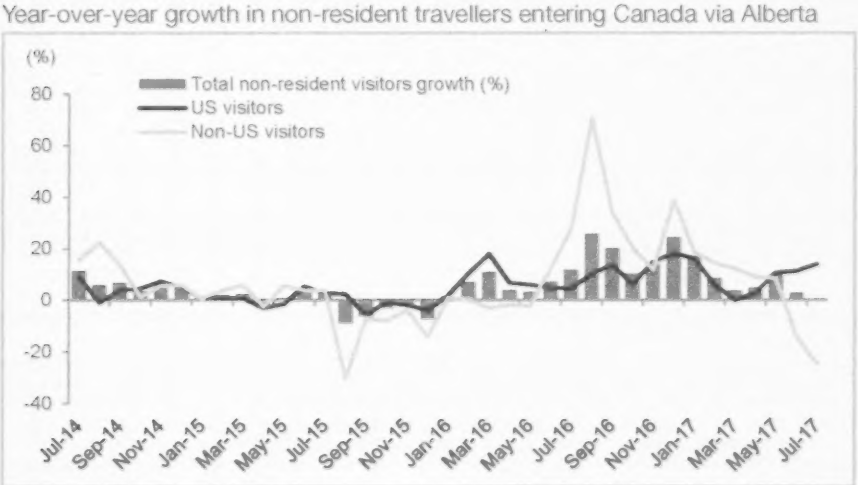
Number and monthly change of seasonally adjusted regular EI beneficiaries



Source: Statistics Canada

Chart 4: Non-resident travellers holds steady in July

Year-over-year growth in non-resident travellers entering Canada via Alberta



Source: Statistics Canada

Employment Insurance

Decline in beneficiaries pauses

The number of Albertans receiving regular Employment Insurance (EI) benefits held fairly steady in July. They were up 0.2% to 71,460 after eight straight monthly declines (Chart 3). Both initial and renewal claims edged up; an increase in initial claims is typical for July. Meanwhile renewals remained well above historical levels.

International Travel

Canada 150th draws in US visitors

The tourism industry remained strong as Canada turned 150 years old in July. The seasonally adjusted number of non-resident visitors entering Canada via Alberta ticked down 0.6% m/m. Despite the monthly dip, visits were unchanged from a year ago, as growth in US visitors offset continued drop in overseas visitors (Chart 4). Meanwhile, Canadian travellers returning from abroad via Alberta increased 3.2% y/y.

US Federal Reserve

US rates hold steady

The US Federal Reserve (Fed) held its target interest rate at 1.0% to 1.25%. The decision was made amidst concern about softness in US core inflation and the adverse impact of hurricanes Harvey and Irma on the economy. Nevertheless, the Fed views that the ongoing strength of the economy will warrant gradual rate increases in order to sustain a healthy labour market and stable inflation. The Fed also announced the gradual reduction of its $4.5 trillion balance sheet starting in October.

Contact

Daniel Letcher 780.427.8845

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.